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SERVICE SECTOR INDICATORS

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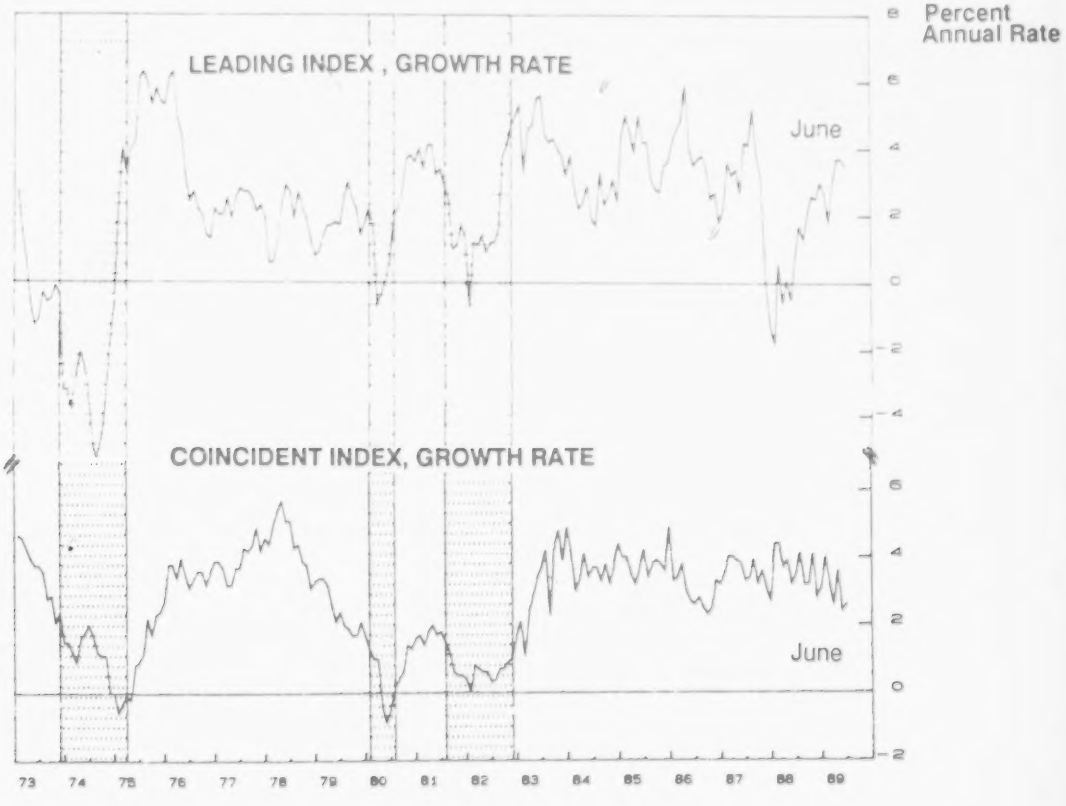
STEADY GROWTH AHEAD FOR SERVICES

The leading index of service sector activity rose a bit in June, while its annualized growth rate fell marginally to 3.5%. The index was pushed up by rises in construction contracts for commercial buildings and stock prices for service industries, offset by a slight drop in the index of profit margins in services.

The coincident index of service sector activity also rose, while its annualized growth rate rose to 2.6%. This was a result of rises in labor income and employee hours in services, undermined by a drop in personal consumption expenditures in services.

In sum, the indicators do not suggest an imminent slowdown in service sector growth.



Shaded areas represent business cycle recessions.

LEADING INDEX OF SERVICES, AND COMPONENTS

	Leading Index (1967=100)	Leading Index Growth Rate (%)	Average Workweek, Services (hours)	Construction Contracts, Commercial Buildings (mil. sq. ft., ann. rate)	S&P Stock Price Index, Services, (Mar. 87=100)	Index of Profit Margins, Services (1982=100)
	1.	2.	3.	4.	5.	6.
1988:						
Jan.	147.7r	-1.8r	32.84	739	82.3	111.5
Feb.	149.7r	0.6	32.98	907	86.0	113.1
Mar.	148.9r	-0.6r	32.69	825	87.5	113.0
Apr.	149.5r	0.1	32.93	805	85.3	112.4
May	149.1r	-0.5	32.78	812	83.0	112.6
June	150.2r	0.8r	32.82	810	89.2	113.4
July	151.0r	1.7	33.00	829	88.7	113.1
Aug.	150.7r	1.3r	32.76	852	87.9	114.2
Sept.	151.3r	2.1	32.88	796	91.0	113.4
Oct.	151.7r	2.6r	32.96	764	94.3	112.5
Nov.	151.7r	2.5r	32.77	786	91.7	114.3r
Dec.	152.4r	3.0	32.91	782	92.9	113.8
1989:						
Jan.	152.5r	2.7r	32.95	839	95.2	111.6r
Feb.	152.2r	1.8r	32.75	658	98.7	113.0r
Mar.	153.4r	3.0r	32.81	746	98.5	114.6
Apr.	154.3r	3.7r	33.07	707r	102.5	113.1r
May	154.7r	3.7r	32.78	797	108.0	114.6r
June	155.0	3.5	32.74	822	111.6	114.1

COINCIDENT INDEX OF SERVICES, AND COMPONENTS

	Coincident Index (1967=100)	Coincident Index Growth Rate (%)	Services Output, GNP (bil. 1982$, ann. rate)	Services, Personal Consumption Expenditures (bil. 1982$, ann. rate)	Services Labor Income (bil. 1982-84$ ann. rate)	Service Employee Hours (bil., ann. rate)
	7.	8.	9.	10.	11.	12.
1988:						
Jan.	180.9r	4.4r	1844.4r	1263.5r	667.3	106.6
Feb.	181.5r	4.4r	1854.1r	1264.7r	666.2	107.6
Mar.	181.4r	3.7r	1856.9r	1269.5r	664.6	107.0
Apr.	182.1r	3.9r	1859.7r	1269.1r	668.5	108.1
May	182.0r	3.2r	1862.5r	1270.8r	667.0	107.8
June	182.7r	3.5r	1868.6r	1278.6r	667.0	108.5
July	183.9r	4.1r	1874.7r	1283.9r	672.2	109.7
Aug.	183.6r	3.2r	1880.8r	1291.4r	667.4	108.9
Sept.	184.1r	3.2	1886.1r	1285.6r	674.2	109.2
Oct.	185.5r	4.1r	1891.4r	1297.5r	680.3	110.3
Nov.	184.8r	2.8r	1896.7r	1292.6r	672.6	110.0
Dec.	185.7r	3.1r	1899.5r	1295.5r	678.5	110.8
1989:						
Jan.	187.1r	4.0r	1902.3r	1297.1r	693.2	111.5
Feb.	186.9r	3.2	1905.1r	1311.7r	683.7	111.2
Mar.	186.7r	2.6r	1909.6	1311.2r	679.9	111.2
Apr.	188.2r	3.6r	1914.0	1315.8r	690.5r	112.5
May	187.5r	2.4r	1918.5	1321.2r	681.6r	111.5
June	188.2	2.6	---	1318.6	688.8	111.9

Note: Cols. 2 and 8. The growth rates are six-month smoothed percent changes at annual rate, based on the ratio of the current month's index to the average for the preceding twelve months.
Cols. 1, 2 and 6 are revised because of revisions in the experimental services output index.
r = revised.

Sources: 3. Bureau of Labor Statistics, Production and non-supervisory workers.
4. McGraw-Hill Company, F.W. Dodge Division. Seasonally adusted by CIBCR.
5. Standard & Poor's Corporation indexes for 13 service industries, compiled by CIBCR.
6. This series is constructed by CIBCR using the price deflator for services consumption, labor income, and an experimental monthly services output index developed by the Federal Reserve Board.
9, 10. Department of Commerce, Bureau of Economic Analysis. Quarterly data for output are interpolated by CIBCR.
11. Bureau of Labor Statistics. Payroll index, 1977 = 100, converted to 1982-84 dollars by CIBCR, using CPI, All Urban Consumers, seasonally adjusted.
12. Bureau of Labor Statistics, all employees.